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4 **VIRGINIA TOBACCO INDEMNIFICATION AND**
5 **COMMUNITY REVITALIZATION COMMISSION**
6

7 **Full Commission Meeting**

8 **Wednesday, October 30, 2002 at 10 a.m.**

9 **Southwest Virginia Higher Education Center Abingdon, Virginia**

10 **Grand Hall Left.**
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13 **MEMBERS PRESENT**

14 Senator Charles R. Hawkins, Chairman
15 Delegate Terry G. Kilgore, Vice Chairman
16 Senator William C. Wampler, Jr.
17 Senator Phillip P. Puckett
18 Senator Frank M. Ruff
19 Delegate Kathy J. Byron
20 Delegate Clarke N. Hogan
21 Delegate Joseph P. Johnson, Jr.
22 Delegate Gary D. Walker
23 Delegate Thomas C. Wright, Jr.
24 The Honorable Isiah G. Hopkins, Chairman, Board of Supervisors
25 Lunenburg County
26 J. Carlton Courter, III, Commissioner of the Department of Agriculture
27 Mr. Thomas W. Arthur
28 Mr. Stephen Banner
29 Mr. Clarence D. Bryant, III
30 Mr. Fred M. Fields
31 Mr. Buddy Mayhew
32 Mr. H. Ronnie Montgomery
33 Mr. Claude Owen, Jr.
34 Mr. John M. Stallard
35 Mr. John T. Taylor
36 The Honorable Mary Sue Terry
37 Mr. James Thompson

1 Mr. Tucker C. Watkins
2 Mr. Joseph H. Williams
3

4 **COMMISSION STAFF**

5	Mr. Carthan F. Currin, III	Executive Director
6	Mary Cabell Sherrod	Manager of Communications & Committee
7	Operations	
8	Stephanie S. Wass	Director of Finance
9	Libby Ausband	Special Assistant
10	Mr. Hud Croasdale	eCorridors Program Coordinator

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12 **OFFICE OF THE ATTORNEY GENERAL**

13	Anne Marie Cushmac	Senior Assistant Attorney General
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15 SENATOR HAWKINS Good morning, thank you all for being here.
16 I'll call the meeting to order so we can get started. Again, thank you all for being
17 here, call the roll.

18	MR. CURRIN	Mr. Arthur.
19	MR. ARTHUR	Here.
20	MR. CURRIN	Mr. Banner?
21	MR. BANNER	Here.
22	MR. CURRIN	Secretary Bennett.
23	SECRETARY BENNETT	No response.
24	MR. CURRIN	Mr. Bryant?
25	MR. BRYANT	Here.
26	MR. CURRIN	Delegate Byron?
27	DELEGATE BYRON	Here.
28	MR. CURRIN	Commissioner Courter.
29	COMMISSIONER COURTER	Here
30	MR. CURRIN	Delegate Dudley?
31	DELEGATE DUDLEY	No response.
32	MR. CURRIN	Mr. Fields?
33	MR. FIELDS	Here.
34	MR. CURRIN	Delegate Hogan?
35	DELEGATE HOGAN	Here.
36	MR. CURRIN	Mr. Hopkins?
37	MR. HOPKINS	Here.
38	MR. CURRIN	Delegate Johnson?
39	DELEGATE JOHNSON	Here.
40	MR. CURRIN	Mr. Leigh?
41	MR. LEIGH	No response.
42	MR. CURRIN	Mr. Mayhew?
43	MR. MAYHEW	Here.

1	MR. CURRIN	Mr. Montgomery?
2	MR. MONTGOMERY	Here.
3	MR. CURRIN	Mr. Owen?
4	MR. OWEN	Here.
5	MR. CURRIN	Senator Puckett?
6	SENATOR PUCKETT	Here.
7	MR. CURRIN	Mr. Reasor?
8	MR. REASOR	No response.
9	MR. CURRIN	Senator Ruff?
10	SENATOR RUFF	Here.
11	MR. CURRIN	Secretary Schewel?
12	SECRETARY SCHEWEL	No response.
13	MR. CURRIN	Mr. Stallard?
14	MR. STALLARD	Here.
15	MR. CURRIN	Mr. Taylor?
16	MR. TAYLOR	Here.
17	MR. CURRIN	Ms. Terry?
18	MS. TERRY	Here.
19	MR. CURRIN	Mr. Thompson?
20	MR. THOMPSON	Here.
21	MR. CURRIN	Mr. Walker?
22	MR. WALKER	Here.
23	MR. CURRIN	Senator Wampler?
24	SENATOR WAMPLER	Here.
25	MR. CURRIN	Mr. Watkins?
26	MR. WATKINS	Here.
27	MR. CURRIN	Mr. West?
28	MR. WEST	No response.
29	MR. CURRIN	Mr. Williams?
30	MR. WILLIAMS	Here.
31	MR. CURRIN	Delegate Wright?
32	DELEGATE WRIGHT	Here.
33	MR. CURRIN	Vice Chairman Kilgore?
34	VICE CHAIRMAN KILGORE	Here.
35	MR. CURRIN	Mr. Chairman?
36	SENATOR HAWKINS	Here. We have a quorum. We have
37		several new members since we met last time and as soon as Ms. Terry
38		comes back I'll introduce everyone. What I'd like to do at this time is
39		stop for a minute and recognize Christy, would you stand up please?
40		Thank you for last night it was absolutely delightful. I think everyone
41		enjoyed it, the staff and everyone that was there and everyone thoroughly
42		enjoyed it and thank you so much (applause). Where's Rachel, thank you
43		for your hospitality and this is a gorgeous education center. I know
44		you're all very proud of it. Thanks for your hospitality and appreciate all
45		the others that had a part in it as well. Dr. Wilkins, we thank you sir and
46		we appreciate the effort that you made in having us here.

1	Now, what I'd like to do now is since we have some new	
2	members, I'd like you to introduce yourselves starting from the end and	
3	working all the way around.	
4	MR. CROASDALE	I'm Hud Croasdale with
5	Virginia Tech working with the Tobacco Commission on the e58 Project.	
6	MR. THOMPSON	I'm Jim Thompson from
7	Tazewell, Virginia.	
8	MR. HOPKINS	I'm Isiah Hopkins,
9	Lunenburg County Board of Supervisors.	
10	MR. STALLARD	John Stallard from Scott
11	County.	
12	MR. FIELDS	Fred Fields, Lee County.
13	MR. WRIGHT	Tommy Wright,
14	Lunenburg County.	
15	MR. BANNER	Steve Banner from Russell
16	County.	
17	MR. COURTER	Carlton Courter,
18	Commissioner of Agriculture.	
19	MR. ARTHUR	Tom Arthur,
20	Pittsylvania County.	
21	DELEGATE JOHNSON	Joe Johnson, Abingdon,
22	Washington County.	
23	MS. TERRY	Mary Sue Terry, Patrick
24	County.	
25	SENATOR WAMPLER	I'm William Wampler from
26	Bristol.	
27	DELEGATE KILGORE	I'm Terry Kilgore from Scott
28	County.	
29	SENATOR HAWKINS	Charles Hawkins from
30	Pittsylvania County.	
31	MR. CURRIN	Carthan Currin, Executive
32	Director of the Commission.	
33	SENATOR PUCKETT	Phillip Puckett, Russell
34	County.	
35	MR. MONTGOMERY	Ronnie Montgomery,
36	Jonesville.	
37	MR. RUFF	Frank Ruff, Mecklenburg
38	County.	
39	MR. WALKER	Gary Walker, Charlotte
40	County.	
41	DELEGATE BYRON	Kathy Byron, Bedford,
42	Campbell County.	
43	MR. TAYLOR	John Taylor,
44	Mecklenburg County.	
45	MR. OWEN	Claude Owen from Danville.

1 MR. WATKINS Tucker Watkins from Halifax
2 County.
3 DELEGATE HOGAN Clarke Hogan from
4 Halifax County.
5 MR. BRYANT C. D. Bryant from
6 Pittsylvania County.
7 MR. WILLIAMS Joe Williams from
8 Pittsylvania County.
9 MR. MAYHEW Buddy Mayhew, Pittsylvania
10 County.
11 MS. CUSHMAC Anne Marie Cushmac with
12 the Office of the Attorney General.
13 MS. SHERROD Mary Cabell Sherrod, I'm
14 with the Staff of the Commission.
15 MS. WASS Stephanie Wass, Director of
16 Finance for the Commission.
17 MS. AUSBAND Libby Ausband with the
18 Commission.
19 DELEGATE JOHNSON Mr. Chairman?
20 SENATOR HAWKINS Delegate Johnson.
21 DELEGATE JOHNSON Mr. Chairman and members
22 of the Commission on behalf of the citizens of the Southwest Group of
23 the Tobacco Commission we welcome the Commission here in Abingdon
24 and we trust your stay is pleasant and if you see anything we can do for
25 you please let us know. This has been a very good meeting and
26 appreciate the Commission coming to Abingdon in Washington County,
27 Virginia.
28 SENATOR HAWKINS It's always good to be in
29 Southwest Virginia, this is a beautiful place. Before we get into the
30 agenda I'd like to make some comments. We have five new members
31 now and one more pending I understand and we are going through a
32 transition, which takes place with a Commission this size. I want to give
33 the new members a little update on where we are and where we're going
34 hopefully.
35 I need for us to remember that this Commission was put in place
36 to handle 50% of the master settlement money that the State of Virginia
37 received. Our charge has been and always will be to improve the stability
38 of the communities we represent. Our first charge is indemnification of
39 the farmers to try to put in place as much money as possible to offset the
40 loss of poundage to help stabilize the family farm and help put some
41 money in place where people can restructure some debt, do some things,
42 equipment, do some things on the farm and put other things in place that
43 are needed in order to stabilize the finances of the family farm, and we've
44 done that to a great degree. As a matter of fact looking at the monies
45 from Phase I and Phase II involving probably \$110,000,000 million

1 dollars plus into the farming community and hopefully that will make a
2 difference. We're the only State that's done that, the only State to do that.

3 The other piece and probably the one that we need to concentrate
4 on now because the farming aspect of it is pretty well understood and it's
5 a formulary that we've used and everyone is fairly comfortable and
6 understands what's going on with that. The economic development
7 aspects of this Commission cannot be strongly enough focused.

8 Ladies and gentleman, we have an opportunity as a Commission
9 to do something that has never taken place to my knowledge, in the
10 Commonwealth of Virginia to redefine, and refocus an entire economy
11 within a generation. These monies are to be used for the betterment of all
12 of our citizens from the coal fields of Southwest Virginia all the way
13 across Southside Virginia to try to make sure that we are competitive in
14 today's marketplace, to put in place not only infrastructure improvements
15 but educational opportunities for our children so that they will have
16 choices in life to be able to have the same choices as any other child
17 growing up in any other part of this Commonwealth, and they deserve no
18 less. What concerns me today is not necessarily the overall economy that
19 we deal with because it's an absolute and we know what the problems are
20 and we're losing jobs but losing jobs is only part of it. As I travel around
21 and what I see taking place in Southside and Southwest Virginia is the
22 loss of ownership. Unless we do something to bring back boardrooms and
23 new wealth structure that carried us through the last century we will find
24 ourselves in jeopardy throughout this century. When you look at our
25 historical past our strength has always come from our communities that
26 have a lot of locally owned businesses and those people were the ones that
27 would lead us, they were the ones that had investments in the community,
28 they're the ones that rode out good times and bad times throughout the
29 community, they were stable jobs because people had investments in the
30 community and they were willing to put their heart and soul into their
31 communities because they lived there and they were part of it. The
32 decisions that were made about profit that was generated from these
33 businesses were reinvested back into the communities. It's all well and
34 good to bring in outside businesses and that's fine, that helps jobs, that
35 helps the tax rate and we need to do that but we need to figure out
36 somehow that we can start bringing back the entrepreneurial spirit that
37 made Southside and Southwest Virginia great to create ownership and in
38 creating ownership helps us have control of our own economic destiny.
39 Unless you own something you don't control anything.

40 We've got to figure out what we can do to work with our research
41 colleges and universities to put in place the type of structure that we need
42 so that when our children graduate and leave these schools they can find
43 an atmosphere in these communities and investment capital that they can
44 bring back their ideas into our communities and plant these seeds that
45 grow these businesses and create jobs that we need. If we can do that we
46 strengthen our leadership, we strengthen our communities by putting in

1 place locally owned businesses, you bring back the boardrooms you bring
2 back the wealth structure, which you have to have within these
3 communities if you plan to be competitive in this century.

4 What concerns me is that we're losing not only the ownership but
5 if you look at what's taking place throughout the local industries and
6 business in retail and manufacturing, the managers that I brought in or the
7 supervisors that are brought into the area generally transfer out in two or
8 three years as they go up the scale in the corporate ladder. So therefore no
9 roots are really planted in the community. We've got to do something
10 about balancing the scale and we can do that but it's going to require a
11 different way of thinking.

12 We need creativity, we need approaches that are not necessarily
13 those that you come about everyday. We can do that, we have a lot of
14 intellectual power that we can work with at this table and that's an
15 important aspect.

16 The other piece we have to underscore is our relationship with our
17 local governments. In the past we have been somewhat lenient in the way
18 that we approved certain grants to make sure that we put in place as much
19 money as possible to help kick start the economy, to help bring in
20 businesses and jobs when we were in such dire need of new investments
21 and of new jobs.

22 As we now mature into our third year we need to make sure that
23 everyone understands that the money that we invest in our communities
24 have to have a long term benefit economically for people that we charge
25 to represent us. We're going to have to go back and re-examine our rules
26 and regulations to make sure that things that are on the peripheral of
27 economic development that are important. Museums, all the things that
28 add to the cultural life of the community but are not necessarily an
29 economic arm of this Commission and that everyone understands the
30 limitations on the money that is to be invested. Simply because an
31 application has been received by the Commission and monies available,
32 does not mean that the application will be approved unless it meets the
33 guidelines and criteria set down by this Commission. We've got to make
34 sure that these monies are invested wisely. People are looking at what we
35 do because we're the only State doing this and the example we set is the
36 example that is used in our charge. It is our responsibility to make sure
37 that we live up to the confidence that the General Assembly placed in us
38 when they gave us the ability to invest these monies. It's something I do
39 not take lightly nor do any of the Commission members I believe. So
40 when the new members become more involved in the process we need to
41 understand we're looking at regional improvements. Some of our
42 marketing projects today like the e58 Project, the telecommunications to
43 give our communities the next generation of telecommunication services.
44 Some educational components in the Danville, Pittsylvania County area.
45 They're building a new institute of technology and a partnership with
46 Virginia Tech and Averett University and Danville Community College to

1 bring in place the next generation of research that is desperately needed in
2 our area of the State that's being financed with tobacco monies as part of
3 Danville and Pittsylvania County's allocation. We have put in place the
4 basic service line 29 from Danville through Pittsylvania County with the
5 MSAP line telecommunications. We have put in place many, many
6 opportunities to attract industry that would not have located in our area
7 without our money to help complement the Governor's opportunity fund.
8 We've done a lot in a short period of time and we need to make sure that
9 we're very aware of our accomplishments.

10 In my closing remarks I want you all to understand as well what
11 we've been able to do working with Virginia Tech. We have invested in
12 the research component to help maintain our family farm and try to find
13 new avenues of revenues to be generated on the family farm. This
14 partnership with Virginia Tech is very important to all of us and I think
15 we're beginning to see some benefits from that. We've got to come up
16 with a new way that a farmer can generate the type of income that they
17 need to be able to support the family farms for another generation. I don't
18 believe we can afford to lose the family farm and I'm still convinced it is
19 the backbone of this Commonwealth.

20 Having said that, is there a motion, oh, scholarships. In order to
21 deal with who we are we have to take a hard look at ourselves and we
22 have a large population without high school diplomas and we have to deal
23 with that. We have formed a partnership with the literary foundation to
24 put in place the type of monies and opportunities that help people gain a
25 GED and so they can go to a Community College with a scholarship.
26 We're trying to put into place scholarships to bring in to place those
27 locations that we so desperately need. That is the medical side be they
28 nurses, doctors or teachers to get people to come back in these areas in
29 these critical type of professions and make sure we're able to build the
30 type of future that we need and the type of individuals that we can help
31 educate in our areas. Scholarships have been a major drive for us and
32 we've partnered with the Community Colleges early on and we've put
33 millions of dollars into these scholarships and I think the monies have
34 been well spent. The Community Colleges are not only in charge of
35 education but also workforce training which is a key component of the
36 charge of this Commission as well.

37 Thank you all. I want to say to the new Commission members as
38 much as anything that we're open to discussion, we're open to creative
39 thinking, we're open to be able to understand where we are and where
40 we're going and to do that every member of this Commission is a vital
41 link to the overall makeup of how the future will be formed. Ladies and
42 gentlemen, this is the only new capital available to our area and it has to
43 be underscored, this is the only new capital for economic development
44 that's available to our area. Without this money we will fall further
45 behind in the economic drift and that is something that is not desirous for

1 anyone and we have to make sure this is done wisely and well. Thank
2 you.

3 The next on the agenda is the approval of the minutes of the June
4 5th meeting. Is there a motion?

5 MR. ARTHUR Mr. Chairman?

6 SENATOR HAWKINS Yes, sir.

7 MR. ARTHUR I'd like to make a correction,
8 I was present, I'd want the minutes to reflect that.

9 MR. COURTER And I was absent.

10 SENATOR HAWKINS Any other corrections
11 to the minutes. The minutes need to reflect those corrections. Is there a
12 motion? It's been moved and seconded, all in favor say aye (aye's)
13 opposed (no response) the minutes are approved.

14 We have introduced the new members. At this point I will turn
15 the gavel over to the Co-Chairman Kilgore for the introductions.

16 DELEGATE KILGORE Thank you Mr. Chairman. I
17 take pleasure in introducing someone that I've known for a good number
18 of years Mr. Paul Repass who is a tobacco farmer in Southwest Virginia,
19 burley tobacco farmer. He first started this back years ago trying to keep
20 the DEA off the farm and he's been very instrumental in helping in
21 getting the tobacco farmers together here in Southwest Virginia and
22 working in the community. So, ladies and gentlemen, I hope you'll join
23 me and give a warm welcome to Mr. Paul Repass.

24 SENATOR HAWKINS Thank you for taking time to
25 be with us today.

26 MR. PAUL REPASS: Good morning ladies and
27 gentlemen, I know we have a new lady on the bench that I didn't see the
28 last time I was here. Ms. Terry, glad to have you. As Mr. Kilgore has
29 told you I'm Paul Repass, I represent a group of farmers called Allies for
30 Tobacco and have for about ten years now I guess or a little more than ten
31 years. I'm also a farm equipment dealer back in Scott County so I'm in
32 constant contact with the farmers on a daily basis. We meet monthly with
33 the farmers to discuss our good luck and bad luck and all about farming.
34 We've had memberships from several tobacco States over the years and
35 still maintain contacts with some of those people from Tennessee, North
36 Carolina, Kentucky, West Virginia, Ohio as far away as Missouri and
37 they grow burley tobacco out there also. Those people are concerned also
38 about our welfare.

39 That's not what I came here for today, I came here to represent the
40 farmers to thank you gentlemen for the help that you've given to the
41 tobacco farmers over the last few years with the settlement monies, Phase
42 1 and Phase 2 monies that came our way and it's been a tremendous help.
43 Our group meets monthly and it's quite a large group. I've had no
44 complaints about the formula of the 80/20 ratio. I hear occasionally some
45 people are not happy with that but most of the tobacco farmers are very
46 happy with it because the producer is willing to bend his back and get the

1 job done. As a quota holder which I am, if I elected not to grow the
2 tobacco I'd want to sit back and watch the checks come in I suppose but
3 the producer is the person that keeps the ball rolling. I feel like it's very
4 favorable to do the ratio that you've been doing and very important to
5 keep the farmer going.

6 With that in mind I won't take up much more of your time but I
7 do appreciate you offering me a couple of minutes time here. We felt as a
8 group we hadn't formally thanked this group of people for what they have
9 accomplished for the farmers since the settlement money came along. We
10 realized that we didn't have to get any of that money as other States
11 suffered that fate. Our State to my knowledge has shared in the money
12 and it's been a tremendous help to the farmers and it's helped the
13 commerce as well. I'm sure some of the people got a little bit of that
14 money along the way and they were able to buy new parts for their
15 tractors so that helped me. The decline in tobacco has had a big effect on
16 farm equipment dealers, feed and seed and fertilizer dealers have felt the
17 affects of this and our business has declined sharply. We hope we can
18 hang on but it's not easy. The farmers have had a tough time this year
19 with the drought and disease, not to mention the bad things that have
20 happened from the terrorist groups and that's brought a slow down in
21 everything it appears like and the farmers are still having a tough time.
22 So if you can continue to help them I'm sure they're going to appreciate it
23 very much. I thank you very much.

24 DELEGATE KILGORE All the members of Allies for
25 Tobacco would you all please stand up so we can recognize you all at this
26 time. (Applause) Thank you.

27 SENATOR HAWKINS Thank you all for coming
28 and I appreciate you all making an effort to be here today. The next item
29 on the agenda is the Executive Directors report. Excuse me, Steve, do
30 you want to give us an update on the indemnification payments, you and
31 Clark?

32 MR. CLARK LEWIS Mr. Chairman and members
33 of the Commission I'm Clark Lewis and this is Steve Rosenthal and we're
34 with the law firm of Troutman Sanders. We're pleased to report that we
35 have completed the third year of indemnification payments under the
36 Phase 1 Program. We have remaining for us to issue the 1099 earning
37 statements and with the State and an outside company we will be having
38 an audit of the Phase 1 Program at Troutman Sanders. At this time I can
39 report that there was \$36,546,881 dollars available this past year for 2002
40 indemnification payments. As of today we have paid out \$35,067,561
41 dollars. According to my math we have approximately \$1,479,000
42 dollars left over for indemnification payments for this year. At this time
43 there are 22 claims that we have resolved that did meet the requirements
44 of getting into the system that have a total value of approximately \$4,102
45 dollars which we will be issuing the checks in the next few weeks. Mr.
46 Chairman and members of the Commission we are winding down the

1 2002 Phase 1 Program. In preparation for an audit I will be sending each
2 of you a detailed report of our payments for this past fiscal year.

3 SENATOR HAWKINS I want to thank you
4 all for doing this job as well as you all have done it and as few complaints
5 as we've received has been monumental. I don't know how you're able
6 to do it.

7 MR. CLARK LEWIS Thank you very much.

8 SENATOR HAWKINS This has gone as smoothly as
9 anything I've ever seen and it's been a complicated matter you had to deal
10 with to start with but we certainly appreciate what you've done and thank
11 you very much.

12 All right, the Executive Directors report.

13 MR. CURRIN Mr. Chairman, before I begin the
14 education recommendation spreadsheet, Senator Ruff's committee met
15 before the Commission met this morning and those recommendations are
16 being handed out to you right now.

17 Mr. Chairman and members of the Commission, I wanted to brief
18 you on a variety of subjects this morning. First of all our budget update.
19 As of Friday, October 25, our cash balance is 28.4 million dollars. In
20 your packets is the Commission's first quarterly statements of this fiscal
21 year. As you know FY'02 4th quarter interest is still being withheld and
22 we will know the disposition of those dollars at the Governors
23 presentation to the money committees on December 20th. That amount is
24 \$669,000 dollars. In 2001 and Clark mentioned this just a moment ago,
25 2001 indemnification funds can be released as of July 2nd one year after
26 the final deadline. The amount is \$1,523,000 dollars of which a million
27 dollars has been put aside for Virginia Tech Bioinformatics Program that
28 was approved at our June Commission meeting.

29 Mr. Chairman and members of the Commission, I'm asking that
30 the balance of that \$1,523,000 and an additional \$238,000 carry over
31 money of unspent administrative dollars be committed to our deal-closing
32 fund which is something we've done in the past two fiscal years.

33 SENATOR HAWKINS Would you repeat that figure
34 Carthan?

35 MR. CURRIN It will be \$238,000 dollars plus
36 \$523,000 dollars which would bring our uncommitted deal closing funds
37 of a million six. Those two figures would add up to a \$1,600,000.
38 Currently right now in the deal closing fund about \$400,000 dollars
39 current and right now. What I'm suggesting that you all do is take these
40 unspent balances and put them in a deal closing fund.

41 SENATOR HAWKINS Is there a motion to that
42 regard?

43 DELEGATE KILGORE So moved.

44 MR. C. D. BRYANT Second.

45 SENATOR HAWKINS It's been moved and
46 seconded, any discussion? Does everyone understand what is being

1 proposed? Any questions from Commission members? All in favor say
2 aye (aye's) opposed (no response) thank you.

3 MR. CURRIN Mr. Chairman, the next update is
4 securitization. Over the last month your staff and I met with the State
5 Treasurer and representatives from Morgan Stanley the Underwriters, at
6 this time we are waiting for the Attorney Generals Office to appoint Bond
7 Council. An RFP issued by the Attorney Generals Office closed on
8 October the 4th. The Attorney Generals Office told us they hope to select
9 Bond Council sometime this week. They're considering appointing a Co
10 Bond Council one firm handling legal tax requirements after the sale.
11 Once Bond Council is selected the technical working group can begin its
12 work to address issues and question all the various parties. The technical
13 group that's working with your Commission staff has a representative
14 from the Treasury, Bond Council, the Attorney Generals Office, Secretary
15 of Finance, it's a technical group that's working to move us forward to get
16 to a point to sell the bonds for securitization.

17 SENATOR HAWKINS Carthan, the new members
18 around you may have to bring them up to date on securitization. Does
19 everyone understand securitization or do we need to go explain?

20 SENATOR PUCKETT Explain it.

21 SENATOR HAWKINS In order to try to make sure
22 that there is a certain amount of monies available for this Commission and
23 our communities for a very long period of time. Many States have chosen
24 to securitize their money, that is set up as stream flow for a 20 year
25 obligation from the master settlement agreement for the bond market for
26 "X" amount of dollars that can be discounted. Virginia has authorized the
27 Governor to go to market and sell the stream flow to securitize the money.
28 The advantage for us with securitization is that today in the General
29 Assembly money that's allocated to this Commission is a line item on the
30 budget and as long as it functions in part of that language in the budget, it
31 is also available for certain scrutiny that may take place outside the
32 control of this Commission. If we can securitize the money it puts it in a
33 different form whereas we can put the money in a more secure location
34 that will be able to give us a guarantee and be able to invest these monies
35 long term without having to depend every year on the actions of the
36 General Assembly. Is that correct, Senator Wampler? Senator Wampler
37 worked long and hard on securitization, I should probably yield to him for
38 a further explanation.

39 SENATOR WAMPLER Mr. Chairman, if I can
40 respond very briefly. I'll move from the objective to the subjective just
41 for a moment. That when we complete the securitization transaction, the
42 lump sum of dollars will institutionalize the goals of the Tobacco
43 Commission. The existing members of the Commission will recall that
44 over a year ago we made or we adopted a general guideline and I just
45 happen to be able to put my fingers on just what those guidelines were if
46 you'll bear with me for just a moment, Mr. Chairman. The five principles

1 are access to high speed Internet such as e58 in the range of \$50,000,000
2 to \$100,000,000 million dollars over the next five years. Basic
3 infrastructure such as water or wastewater treatment. Deal closing funds
4 in the amount of somewhere around \$25,000,000 to \$50,000,000 million
5 dollars over a five year period. Revolving loans, small business
6 development and a price range of \$25,000,000 to \$50,000,000 million
7 dollars a year over a ten-year period of time. Workforce development to
8 include education and scholarships in the range of \$10,000,000 to
9 \$20,000,000 million dollars over a ten or fifteen year period of time.
10 Those are guiding principles that we adopted over a year ago and we tried
11 to reinforce those in the last session of the legislature and should the
12 transaction take place and be completed, we would be in a position to
13 institutionalize the goals or modify or there's some modification there to.

14 SENATOR HAWKINS To build on that, today we
15 have to make allocations based on the budget cycle. If the money is
16 securitized we'll have the ability to make long-term commitments and
17 long term planning that we could not do based on the current structure. I
18 believe everyone feels that's to our best interest for securitization to take
19 place. To my knowledge we work closely with the Governor in order to
20 reach those goals. Carthan.

21 MR. CURRIN Thank you, Mr. Chairman. The next
22 update is the Long Range Task Force. Senator Hawkins several months
23 ago appointed a task force to study this and is Co-Chaired by Dr. Thomas
24 Morris of Emory and Henry College and Mr. Charlie Majors from the
25 City of Danville. The rest of the membership of the Task Force is
26 represented by members of the Commission. We met August 9th and had
27 a very productive two-day work session excuse me, that was on
28 September 29th and 30th. We have an additional meeting scheduled one
29 for next week and then one for the last part of November.

30 In the last work session the Task Force identified major priority
31 areas for the Commission. Let me say for the new members that it's
32 important that this Task Force was in place because if indeed we do
33 securitize our dollars in essence we're putting them into a game plan
34 together for the long term and that's why this Task Force or the origin of
35 the Task Force, in that respect having securitized dollars. A working draft
36 is being drafted by the Task Force and will be continuously refined over
37 the next couple of meetings. Our goal is to have a final draft presented to
38 the Commission in December. We'll also have that draft presented to the
39 Governors office at that time as well.

40 MR. CURRIN The next update –

41 SENATOR HAWKINS Let me interrupt, the Long
42 Range Task Force, is there any question from the Commission members
43 about the charge of the Long Range Task Force? Does everyone
44 understand what we're trying to accomplish with that?

45 MR. CURRIN Mr. Chairman and members of the
46 Commission, you're welcome to come and listen but the meeting date is

1 on the slide behind you and on the website the membership of the Task
2 Force is located there as well.

3 SENATOR HAWKINS The idea is and not to belabor
4 the point, to take the guidance stated by Senator Wampler and do it and
5 come up with a long-term plan that has some stability to it, that is the
6 Commission's transition from administrative to leadership. Remembering
7 there's an understanding of what the foundations are and that we stay on
8 track and I think that'll be very helpful to have that in place.

9 MR. CURRIN Mr. Chairman, I'm going to move
10 forward to the date of January 15th applications and will have no bearing
11 on when we release monies to our communities, it'll give the
12 communities a little extra time to work with our staff and our new Grant
13 Manager's position. I think it'll be very helpful to the political
14 subdivisions that are seated behind me and it will be helpful to our new
15 Grant Manager position which will be up and running soon. So I will be
16 in contact with a letter to all the various counties, cities and towns in our
17 two regions to identify that date which will probably be sometime the first
18 of February when their application will be received at our office and then
19 Senator Wampler's Economic Committee and Mr. Arthur's Economic
20 Committee will be reviewing those applications sometime probably in
21 early March or mid-March and then we would be voting on those
22 applications at our April meeting.

23 The next slide Mr. Chairman, is what is referred to as the Trof
24 Guidelines and that is our deal closing guidelines that the Commission
25 uses to help close deals to industries for Southwest Virginia and
26 Southside Virginia. You have before you an amended version that you
27 directed me and staff to come up with. Part of the components have
28 changed in these guidelines Mr. Chairman, and the staff has
29 recommended that in addition to myself and the Chairman of the
30 Commission and the two Chairmen of the Economic Committees be a
31 part of the review panel to make decisions on behalf of the Commission
32 pertaining to deal closings. In many cases these claims happen very
33 quickly and that is the only reason we are asking for –

34 MR. C. D. BRYANT We do not have copies of
35 these.

36 MR. CURRIN They were sent out in your
37 packet, in your original packet. The red indicates the changes that the
38 staff recommended you all consider.

39 SENATOR HAWKINS Does everyone have
40 the changes?

41 MR. CURRIN This allows the Commission
42 much more flexibility and additional leeway on behalf of the
43 Commission.

44 SENATOR HAWKINS Do you want a
45 decision on that today?

1 MR. CURRIN That would be fine Mr.
2 Chairman.
3 SENATOR HAWKINS Is there a motion to
4 get it before the Commission? It's been so moved and seconded and now
5 it's open for discussion. Is there anyone that would like to discuss
6 changes or recommendations? Does anyone have any comments on the
7 changes, anyone have any changes to the changes, is everyone
8 comfortable with the changes? Yes, sir.
9 SENATOR RUFF Is this limited to two
10 per locality. I don't think any community should be greedy but how
11 would you explain that maybe there are three small ones in one locality
12 versus one big one in another locality?
13 SENATOR HAWKINS Maybe you should
14 explain the rationale behind why we're doing this. Senator Wampler.
15 SENATOR WAMPLER If I could Mr.
16 Chairman, in the next sentence in the proposed guideline it says however
17 the commission may make exceptions for a locality that can demonstrate
18 additional opportunity funds to avoid a hardship in their community and it
19 sets out criteria for that. Granted we have to come back to the
20 Commission I suspect.
21 MR. CURRIN What we're articulating and
22 it comes before that work review before you Senator Wampler and Mr.
23 Arthur and the Chairman.
24 SENATOR RUFF As I understand it we
25 come back for a review by who, if there is a third application?
26 SENATOR HAWKINS Yes, sir.
27 SENATOR RUFF And who are these?
28 Who are the four that make the decision?
29 SENATOR HAWKINS Yes.
30 SENATOR RUFF My concern is you
31 don't lose time.
32 SENATOR HAWKINS We don't have the
33 luxury of losing time, I can assure you that.
34 DELEGATE WRIGHT Mr. Chairman, do the
35 localities mean towns or counties?
36 SENATOR HAWKINS Locality is the town
37 or communities. I think what we're trying to do is make sure there's
38 some understanding that we have some sort of balance.
39 MR. CURRIN Mr. Chairman, it was kind of
40 felt by staff and meetings with directors that some of the smaller counties
41 we wanted to help protect some of their interests in this respect.
42 SENATOR HAWKINS There was a concern
43 early on Delegate Wright that the way the money is allocated and the way
44 that we were dealing with things if we weren't careful we'd have some
45 fairly small counties left out of the mix. We're trying to figure out how to
46 make sure that they treat all our localities as fairly as possible regardless

1 of the size when looking at economic commitments to give some sort of
2 fairness.

3 DELEGATE WRIGHT I think it's a good
4 idea, I know in our area it was only mentioned very briefly. I think this
5 Tobacco Regional Opportunity Fund, I think we need to make sure there's
6 a press release or make sure that there's a first reading of the press
7 release, that's all you've got.

8 SENATOR HAWKINS One of the great
9 failings of your Chair, Delegate Wright has been that we have not shouted
10 loud enough the accomplishments of the Commission and that's
11 something I'm very aware of and we need to concentrate and make sure
12 people understand about these monies and how they're being invested and
13 what has taken place with this money and I'll take the blame for that. But
14 I can assure you that I'll try to be more expressive in the future.

15 DELEGATE WRIGHT The press release
16 came out in my county and I wasn't aware of it until about a day before or
17 the afternoon before.

18 SENATOR HAWKINS That's another
19 breakdown and I'll take responsibility for it. We'll have to put in place
20 some guidelines to make sure that everyone on the Commission is
21 notified immediately about these decisions prior to their announcement
22 itself and we can do that. We need to make sure that people in the
23 affected areas are notified about it prior to any announcement.

24 DELEGATE BYRON That's very important Mr.
25 Chairman and we should notify all Commission members so they'll know
26 what is going on. I know we talked about that.

27 SENATOR HAWKINS Notification of all
28 Commission members prior to and also all press within the locality prior
29 to and all radio stations prior to any announcement and anyone else we
30 can think of. We got to get the word out what we're doing and all the
31 Commission members should know about it prior to that being done.
32 Thank you for your suggestion. Ms. Terry.

33 MS. TERRY Just a comment about the
34 request for fairness it relates to the issue of towns. Some of these other
35 regions or some localities have lots of towns and others like Patrick
36 County just has one town. So I think we need to be real clear when you
37 say towns, if you don't put some qualifying language in it may not be as
38 clear. And we may not be achieving our purpose because some large
39 localities may not have any towns and some smaller localities may have a
40 number of towns.

41 MR. CURRIN What we've started as a
42 project, it's a town actually in Southwest Virginia.

43 SENATOR HAWKINS I think what we need
44 to do is make sure that we are very aware of is the flexibility that we need
45 when we address situations in a very timely manner. I think we're all

1 very aware of trying to balance out everything but I would hate to tie the
2 hands of the Commission where there's not any flexibility.

3 DELEGATE HOGAN Mr. Chairman?
4 SENATOR HAWKINS Yes, sir.
5 DELEGATE HOGAN I'm happy to address
6 the concerns raised by several people asking that part of these guidelines
7 at every full commission Meeting proposals that have been made and
8 those that have been considered and accepted and rejected made before
9 the full commission and many people are concerned and we addressed
10 them before, would that be the appropriate way to clarify this or is that
11 not appropriate?

12 SENATOR HAWKINS I think any meeting
13 we have as a Commission everything is on the table for discussion. The
14 more information we have in the decisions that are made may improve
15 this Commissions work so there's no question about that.

16 MR. CURRIN Mr. Chairman, just to
17 respond to Delegate Hogan that's a great idea other than we need to wait
18 until after the deal's been closed.

19 MR. WATKINS I understand that, a
20 lot of issues, after the deal's been closed that we put money in.

21 SENATOR HAWKINS The way we can, we
22 can do that, that's a policy without making, the staff can take care of that.
23 Thank you. Any other comments?

24 MR. CURRIN Mr. Chairman, the next –
25 SENATOR HAWKINS --what --
26 MR. ARTHUR I think there's a
27 motion.

28 SENATOR HAWKINS There's a motion on
29 the floor to approve the modifications that have been stated. It's been
30 moved and seconded, any discussion? All those in favor say aye (aye's)
31 opposed (no response) motion carries. Carthan.

32 MR. CURRIN Thank you Mr. Chairman.
33 The next update are six requests that came before the Executive
34 Committee which was held September 16th at Roanoke. These six
35 requests came to the Executive Committee and were ruled on by the
36 Executive Committee in total support of these requests. We can discuss
37 them individually or would the Chair like to vote on these in total?

38 DELEGATE KILGORE What's the pleasure
39 of the Committee, do you want to discuss each one? Senator Wampler.

40 SENATOR WAMPLER Carthan, are these the
41 recommendations of the Executive Committee in its entirety?

42 MR. CURRIN Yes, sir.
43 DELEGATE KILGORE Carthan, why don't
44 you go ahead and give us an update on each one individually.

45 MR. CURRIN Mr. Chairman and members
46 of the Commission. The first one is the Town of Kenbridge. It's request

1 is that \$26,000 dollars is needed for preliminary engineering, that must be
2 completed before the other funds can be secured. This request is in the
3 amount of \$26,000 dollars from their grant that this Commission has
4 supported. That's allowing them to use that money to complete their
5 engineering study so they can be awarded the additional dollars for a
6 water and sewer system in Kenbridge, Virginia. The Executive
7 Committee heard that and it supports that to the full commission for
8 approval.

9 DELEGATE WRIGHT Mr. Chairman, this
10 was previously approved by the Commission and it's in my home county.
11 It's a very important project for the water treatment plant so, I would
12 move that it be approved.

13 SENATOR HAWKINS What I'd like to do is
14 to do these in a block unless there's an objection, if there's an objection to
15 any of them we'll pull that out of the block and that'll simplify things.

16 MR. WATKINS Does this come out of
17 the County's allotment?

18 SENATOR HAWKINS Yes, all this money
19 comes out of that.

20 DELEGATE JOHNSON Mr. Chairman, I
21 believe Southwest agrees on theirs, I don't think there's any objection to
22 Southwest Virginia so, I would suggest that we treat that as a block rather
23 than to discuss each one.

24 MR. ARTHUR Unless it's sent back
25 —

26 DELEGATE KILGORE We can approve all of
27 them in a block if we agree.

28 SENATOR HAWKINS Carthan, all these
29 were approved by the Executive Committee?

30 MR. CURRIN Yes, sir. There may have
31 been one that did not have a unanimous vote and I don't have the minutes
32 in front of me but my recollection is that the Executive Committee
33 supported all of these.

34 SENATOR HAWKINS The one that was not
35 unanimous we'll pull that out of the block for discussion.

36 MR. CURRIN That was the Museum of the
37 Middle Appalachians.

38 MR. ARTHUR I'd like to hear
39 something about that.

40 SENATOR HAWKINS We'll pull the
41 museum out of the block then for discussion. Other than that Carthan, do
42 you want to go through the rest of them?

43 MR. CURRIN Yes, Mr. Chairman. The
44 Cove Ridge Center was a \$25,000 dollar grant on a cash match of
45 \$25,000. They're requesting removal of that matching fund requirement
46 due to limited financial resources.

1 SENATOR HAWKINS We'll skip the next
2 one and then go to R. J. Reynolds.
3 MR. CURRIN Yes, \$161,000 dollar loan
4 was approved for the R. J. Reynolds Patrick Memorial Hospital
5 contingent on their working out the loan terms with their Local Industrial
6 Development Board and that's what the Commission had voted on
7 previously. However, the IDA was unwilling to secure the loan for the
8 hospital. Patrick County has agreed to guarantee the loan with its fiscal
9 '03 allocation. So we changed that to have the hospital work with the
10 county and their allocation to be secured for the hospital. In essence the
11 hospital folks will be paying back the county's allocation, the county's
12 allocation is more than that but of that \$161,000 will go to a loan for this
13 hospital. The hospital will pay back the county's allocation and the
14 county will have to come back to the Commission to secure approval for
15 future use of those dollars.
16 MR. WATKINS Has the County
17 Board of Supervisors agreed with that?
18 MR. CURRIN Yes, sir.
19 SENATOR HAWKINS Go to the next one.
20 MR. CURRIN Lenowisco. There was a
21 \$445,000 dollar loan approved from *e* Corridor funds for regional
22 broadband project. They requested loan terms through the Commission
23 be amended and not to require securing liens against the equipment
24 infrastructure or any of its property. The staff supports this request as
25 well as the Executive Committee.
26 SENATOR HAWKINS Delegate Byron.
27 DELEGATE BYRON I believe you were discussing
28 the fact that the feasibility of putting this, in doing two water projects at
29 the same time to save money but yet not connecting to anything so there
30 was no long term or no, so there's no request that when doing this or
31 coming together with other broadband, has anything changed on that?
32 SENATOR HAWKINS Delegate Kilgore.
33 DELEGATE KILGORE That's not exactly the
34 case, it will be connected up. I remember we discussed at the last meeting
35 would it be a loan or a grant. In working with Lenowisco and Carthan
36 and the staff, or Carthan and Stephanie were to see that or make sure that
37 the loan was or the loan rate and the payback and things like that and
38 that's what we were looking at.
39 MR. CURRIN The first stage will be
40 operational in 60 days.
41 DELEGATE BYRON And the loan rate –
42 MR. WATKINS The loan rate was to who?
43 SENATOR HAWKINS Lenowisco.
44 MR. WATKINS Do they have any other
45 assets, I'm looking at this, is this going to be a precedent setting thing that
46 we do this in the future?

1 SENATOR HAWKINS We looked at these as
2 individual requests based on the merits and what it'll bring to the table
3 and the flexibility that we are allowing to be able to do these things are
4 somewhat based on a case-to-case basis and it gives us the strength that
5 we need to be able to meet the demands.

6 MR. WATKINS Every locality is going to say 'why
7 can't we do what we did with them'.

8 SENATOR HAWKINS We'll deal with everyone
9 based on the merits at the time. I'm not sure that we can sit here and put
10 such things down that we know in reality no one will be able to meet the
11 criteria for. The main thing I think we're trying to do in these areas is put
12 together a cooperative effort between localities as to encourage efforts for
13 long term development of these communities and Lenowisco is certainly
14 not –

15 MR. WATKINS I am concerned whether we are
16 going to set a standard or precedent for this kind of project for everybody
17 else.

18 SENATOR HAWKINS I can assure you sir we're
19 going to be very familiar with the word no.

20 DELEGATE KILGORE I would say that this is a
21 governmental entity, Lenowisco is not for profit, for profit is a whole
22 different ballgame.

23 SENATOR HAWKINS For profit, we have not
24 gotten into for profit entities and I don't think we need to go there and we
25 tried to be very conscious of that. Any other comments on this?

26 MR. CURRIN Washington County, Mr. Chairman,
27 this project came out of the Special Projects Fund and the staff
28 recommended the project and the Executive Committee reviewed it and
29 supported it totally.

30 SENATOR HAWKINS Any question on that?

31 SENATOR WAMPLER This is a request for
32 \$582,000 dollars for a fire suppression system for the industrial park wide
33 system. The motion before the Executive Committee was to take the
34 \$582,000 from the deal-closing fund. This has previously been approved
35 and Stephanie reported that there was only a balance of 1.6 million dollars
36 in deal closings. If memory serves me correct Special Projects would
37 have something close to 9 or 10 million dollars. I would respectfully
38 submit it's probably more appropriate to take those dollars from Special
39 Projects rather than deal closings. I would ask that as we approve that
40 that we would allocate dollars to this project from Special Projects.

41 SENATOR HAWKINS That's an amendment to the
42 motion you made.

43 SENATOR WAMPLER Yes.

44 SENATOR HAWKINS We probably need to pull
45 that out and vote separately on it since that would be a different funding
46 mechanism.

1 DELEGATE HOGAN Mr. Chairman, is this
2 a regional project, is this a regional industrial park?
3 SENATOR WAMPLER It's sponsored by the county
4 and we already have one, the good news is we have one new industry
5 locating there and we have two others that are previously located but need
6 a fire suppression system and we probably have ten other tracks that can
7 be sold or marketed once we have the system. So we're doing a very
8 good job in trying to bring in businesses to that locality.
9 SENATOR HAWKINS This is the cream that brings
10 them in.
11 MR. WATKINS I know that's your county
12 and some of the problems is if you don't have a fire suppression system,
13 if others don't have a fire suppression system could they use it? What do
14 you mean fire suppression system?
15 SENATOR WAMPLER It's a park wide system and
16 I'm not sure of the presentation but I'm sure that there's a facility that will
17 hold the water. I don't have the engineering report in hand.
18 SENATOR HAWKINS My understanding is that this
19 is going to be a requirement in time to be able to locate here. That'll be
20 pulled out using a different stream of funding. Is there a motion to adopt
21 Kenbridge, Cove, R. J. Reynolds, Lenowisco.
22 SENATOR PUCKETT So moved.
23 SENATOR HAWKINS It's been moved and
24 seconded these projects be adopted, all in favor say aye (aye's) opposed
25 (no response). What I'll do now is go to the bottom Washington County
26 and my understanding from Senator Wampler is to accept that
27 recommendation with the provision that the money would come out of
28 Special Projects.
29 SENATOR WAMPLER So moved Mr.
30 Chairman.
31 DELEGATE JOHNSON Second.
32 SENATOR HAWKINS It's been moved and
33 seconded, does everyone understand the motion, are there any questions?
34 Discussion? All those in favor say aye (aye's) opposed (no response).
35 We're back to the Museum of Middle Appalachians, I understand the
36 Executive Committee had a negative vote, anyone here like to discuss
37 that?
38 DELEGATE JOHNSON Mr. Chairman, I don't think
39 it was a negative vote but the Town of Saltville, money was appropriated
40 for or it was a request for money to do some engineering and they
41 requested maybe \$25,000 and they only ended up with \$10,000 and they
42 could not do the project.
43 SENATOR HAWKINS My understanding is that the
44 project was unique in a lot of ways and a find had taken place in that
45 burial and it's my understanding that there was a vote against that. Is
46 there any discussion about the whole project? Is there a motion?

1 MR. ARTHUR Mr. Chairman, we discussed
2 these museums and the one in South Boston and I thought our general
3 policy was not to support any museums.

4 SENATOR WAMPLER Mr. Chairman, I would say
5 that it was the will of the Southwest Economic Development Committee
6 to try to help this entity along with tourism. I realize the concerns of
7 many members of the Commission in trying to go down that path to
8 support those types of entities. We felt like it jump-start it and that was a
9 special consideration that the committee made. I think that's why there
10 was an abstention in the Executive Committee because some people
11 didn't feel comfortable breaking with precedent that Southside had.
12 Southwest supports it. It's for funds out of our committee and that's why
13 we appropriated it so we would have concurrence from the full
14 commission.

15 DELEGATE JOHNSON Mr. Chairman, I might add
16 that their proposal is just as good as the one that was not funded. They
17 didn't have enough money. The one they propose now is just as good.

18 SENATOR HAWKINS There is a uniqueness to this
19 particular project, there's an archeological dig going on and there's more
20 ramifications to it than a museum that could add some historical
21 significance to this area. I believe they've made several major finds in
22 that region which could enhance tourism in that area. I think it does go
23 beyond the museums.

24 MR. ARTHUR I thought we should discuss
25 that.

26 SENATOR HAWKINS It's been moved and
27 seconded, any discussion?

28 MR. WATKINS As I see it I think it's the
29 wrong way for us to be going. We've got about 30 counties all over and I
30 think we're setting a precedent. I think it's the wrong way to go.

31 SENATOR HAWKINS What we've tried to do in the
32 past is to give as much flexibility to these regional development groups
33 Southside and Southwest and they can make decisions based on their
34 allocation. The recommendation from Southwest has been to accept this
35 and that's been our policy for a long time.

36 MR. WATKINS As I said, I think it's the wrong way
37 to go.

38 SENATOR HAWKINS It's been moved and
39 seconded, any further discussion? All those in favor say aye (aye's)
40 opposed? Motion carries.

41 MR. CURRIN Mr. Chairman, as you recall
42 in the February, 2000 meeting in Richmond, Virginia the commission
43 adopted the indemnification splits between quota holders and producers
44 for the years 2000, 2001 and 2002. For 2003 the Commission said it
45 would revisit the splits at that time. Mr. Chairman, I would ask you that
46 you ask Delegate Johnson's Tobacco Committee to convene at some point

1 between now and early spring to address this issue and to recommend to
2 the full commission as to what the disposition of these splits should be in
3 the future.

4 SENATOR HAWKINS Delegate Johnson, we need
5 to have a meeting of your committee to come up with recommendations
6 and to that end I would like to add Mr. Mayhew to that committee and
7 report back in, when Carthan?

8 MR. CURRIN Mr. Chairman I would say, I can
9 work with the Chairman but we can have this, I would suggest by the
10 April meeting.

11 DELEGATE JOHNSON That will be fine.

12 SENATOR HAWKINS And any part of that your
13 welcome to give that at a subcommittee meeting to make these decisions.
14 All right.

15 MR. CURRIN Mr. Chairman, my last comment to
16 the Commission is that several of you asked me to consider planning for
17 meetings in the future for timing purposes and we certainly appreciate the
18 suggestion. The recommendation before you is that we meet sometime in
19 December or January before the session begins in Richmond. Then we
20 will meet in late April for our spring quarterly meeting at Berry Hill just
21 outside South Boston, Virginia. Then meet late in June at Longwood
22 University in Farmville. Then come back to Southwest Virginia in the
23 fall to be at the University of Virginia at Wise. This is my
24 recommendation to you Mr. Chairman and the Commission.

25 SENATOR HAWKINS Does anyone have any
26 objection to the meeting schedule proposed? It gives us a good cross-
27 section of the areas we represent.

28 MR. CURRIN The committee meetings and
29 Executive Committee meetings will be meeting where it's more
30 convenient. Roanoke seems to be a location for Southwest and Southside
31 to meet for committee meetings.

32 DELEGATE HOGAN Mr. Chairman, I've
33 got two comments. Number one is we look forward to having you at
34 these locations in our part of the state and our part of the world. My
35 second question is when we might have specific dates on the meetings.

36 MR. CURRIN I'll be working with the Chairman in
37 a judicious manner Delegate Hogan to achieve those dates for you and the
38 members of the Commission.

39 SENATOR HAWKINS We'll probably have to do
40 some polling to make sure that we can accommodate everybody. Berry
41 Hill is a unique piece of property and I think everybody will be amazed
42 what they've done there and brought back the conference center. I had no
43 idea that they had done this and it's just an amazing piece of property.

44 MR. CURRIN Mr. Chairman, that concludes my
45 report, thank you for your attention this morning. Troutman Sanders has
46 advised me we may need to meet before April for a final determination on

1 the splits. So Delegate Johnson, it might have to be sooner rather than
2 later but I'll work with you on any of those dates at a convenient time for
3 you and your committee. Thank you Mr. Chairman.

4 SENATOR HAWKINS Thank you and I appreciate
5 your report and I appreciate the work of the Executive Committee on
6 these projects. I appreciate all the work that's gone into this and thank the
7 committee for their understanding of the work.

8 Next we have the Educational Committee report, Senator Ruff.

9 SENATOR RUFF Mr. Chairman, the Education
10 Committee met and I'll take this from where we started. At the VIR
11 Meeting last year we voted about \$9,000,000 dollars in education. The
12 full commission directed \$400,000 to each of the seven community
13 colleges which allowed us 2.8 million. We also voted to put \$1,000,000
14 tuition in the burley area and 2.8 million in the flue-cured area. Since that
15 time the burley region or the model they had used the previous year
16 provided scholarships to those families that were involved in growing and
17 marketing of tobacco. The flue-cured area chose to provide forgivable
18 loans to any young person in the region who agreed to return to any one
19 of the 22 school systems in Southside Virginia. That left about 2.75
20 million which the committee had over \$11,000,000 dollars in requests for.
21 Before you is a selection of what we believe working with Stephanie and
22 Libby and two volunteers from the educational field from outside of the
23 region to evaluate the proposals and try to be as fair as we could with
24 every community and make sure that nobody felt like they were left out.
25 Before you on that list you have about 12 proposals and you can vote on
26 those as a block or however you want to.

27 DELEGATE JOHNSON Mr. Chairman, I
28 move that we vote on this as a block.

29 SENATOR HAWKINS It's been moved that
30 we vote on them as a block, is there a motion to accept the
31 recommendations from the education subcommittee? It's been moved, is
32 there a second? It's been moved and seconded. Any discussion on any of
33 the recommendations that have been offered by the education
34 subcommittee?

35 MR. BRYANT Yes.

36 SENATOR HAWKINS Mr. Bryant.

37 MR. BRYANT What is distance learning, the very
38 first one?

39 SENATOR RUFF I would ask the community college
40 if they would like to speak to that one, Libby.

41 MS. AUSBAND I think the community colleges
42 would be better to explain that one.

43 SENATOR HAWKINS This is Don Sutton from the
44 community college can address that. Would you address what distance
45 learning is?

1 MR. SUTTON The \$60,000 dollar Central
2 Virginia Community College Distance Learning consists of three units
3 located at CVCC Altavista Center, the Brookneal Center and a portable
4 unit at Campbell County Business Workforce Development. These are
5 distance education centers that allows, we're presently using the
6 technology and distance learning for dual enrollment in high schools in
7 EMT and Technical Mathematics. We're transferring that technology
8 into the centers that we're doing by the Tobacco Commission.

9 SENATOR HAWKINS If anybody has an
10 opportunity to go upstairs in the Government School in this building and
11 see what they're doing with the distance-learning program on the basic
12 education it's unbelievable what they're doing. It's just amazing.

13 MR. BRYANT Southside Virginia Community
14 College at Pickett Park, what is that?

15 MS. ELKINS Hi, I'm Mary Jane Elkins from
16 Southside Virginia Community College. I was talking to somebody else
17 and I didn't hear you so I apologize. We have heavy equipment, truck
18 driver training and diesel technology.

19 SENATOR HAWKINS Any other comments on the
20 recommendations from the subcommittee on education? It's been moved
21 and seconded that we accept the recommendation as a block, are there any
22 questions? All in favor say aye (aye's) opposed (no response).

23 SENATOR RUFF Mr. Chairman, there are a couple of
24 proposals that are still out and we'll be dealing with those probably at the
25 December meeting. Thank you.

26 SENATOR HAWKINS I want to thank you all again
27 because the educational component that we deal with is probably one of
28 the more important aspects of this entire Commission. I thank you for the
29 work that you've done. The next item on the agenda we'll hear from
30 Senator Wampler. Southwest Economic Development Committee
31 Report.

32 SENATOR WAMPLER Thank you Mr. Chairman
33 and members of the Commission. There will be two action items the
34 Southwest Virginia Economic Development Committee will be bringing
35 to the full commission today for your approval. I will note that for both
36 of these action items these dollars come from fund balances from
37 Southwest Virginia Economic Development Committee. The first item
38 that I'd like to address is one that deals again with fiber optic deployment.
39 In this case it'll be dark fiber to our industrial parks. If the Commission
40 will note in just a moment, some of us had an opportunity to visit
41 Eastman Chemical Corporation's Disaster Recovery Center. Eastman
42 Chemical is located in Kingsport, Tennessee not too far from here. They
43 employ I think, 14,000 people. They thought as many large corporations
44 do, that they needed to have a separate location for their eCommerce or
45 web based transactions. When we examined how they built this actual
46 facility it became very clear that we needed to do or to model a lot of our

1 activity the same as they tried to design their site. What do I mean by
2 that, multiple paths for their fiber optics, multiple paths for their
3 electricity. To the extent that you have a technology company that cannot
4 afford the interruptions of either electricity or that fiber optic you may
5 have to have a generator in place. The generator component is not what
6 we are as interested in as we are in determining the preliminary
7 engineering or design of our existing facilities.

8 SENATOR HAWKINS Let me ask you this, if we
9 start building these components in different communities are we looking
10 at them to tie into the overall backbone and they all would fit together?

11 SENATOR WAMPLER It would. Mr. Chairman, let
12 me try to explain it this way. Most anyone who has tried to develop
13 industrial sites over the last 10 years has focused on water and sewer
14 infrastructure, industrial access roads, and shell buildings. Those are all
15 important. What is critically important today is to have fiber that will go
16 along and move the tremendous amounts of data that is required.

17 SENATOR HAWKINS And reasonably priced.

18 SENATOR WAMPLER Yes, this goes beyond what
19 the motion will carry but in theory we think we should deploy dark fiber
20 and do the same methodology that we do with our Industrial Development
21 Authority for water and sewer upgrades or treatment plants. So we would
22 deploy the dark fiber in the industrial parks and probably run it through
23 the Industrial Development Authority and they in turn lease it to the
24 incumbent provider or to other providers that may come into the market to
25 compete. We've identified 11 sites that are either existing or in the
26 planning stage. If the Commission would bear with me for a moment as I
27 read the appropriate motion that the committee adopted yesterday. With
28 funds from the Southwest Virginia Economic Development Committee
29 authorizing an expenditure in an amount up to \$75,000 dollars for
30 Planning Districts 1, 2 and 3 for the purpose of retaining professional
31 services for preliminary engineering and/or design of deployment of dark
32 fiber and related infrastructure to existing and new industrial parks within
33 the respective planning districts. Prior to the expenditure of the funds the
34 respective Planning District Commissions shall notify and consult with
35 the Vice Chairman of the Tobacco Commission regarding the scope of the
36 work to be performed.

37 Mr. Chairman, that's the motion, as a member of the Commission
38 I would make.

39 DELEGATE JOHNSON Second.

40 SENATOR HAWKINS It's seconded by Delegate
41 Johnson.

42 SENATOR WAMPLER I'd be glad to entertain any
43 questions any members of the Commission might have.

44 SENATOR HAWKINS It's been seconded by
45 Delegate Johnson, are there any questions or comments before the
46 Commission?

1 DELEGATE WALKER Would these funds come
2 from the Southwest Virginia funds?
3 SENATOR WAMPLER To answer your question yes.
4 DELEGATE WALKER They would come out of the
5 available money for Southwest?
6 SENATOR WAMPLER Yes, to answer your question
7 the funds would come from the Southwest Virginia Economic
8 Development balance.
9 SENATOR HAWKINS Any further questions? Any
10 further questions to the recommendation from the Southwest Economic
11 Development Committee? All those in favor say aye (aye's) opposed (no
12 response), motion carries. Senator Wampler.
13 SENATOR WAMPLER Mr. Chairman, the second
14 action item that the Southwest Virginia Committee recommended and
15 again from funds from the balances from the Southwest Virginia
16 Committee, we would establish an Export Initiative. This Export
17 Initiative went to the Executive Committee and we tried to determine and
18 gave what support there was to expand this to Southside. It was the
19 wisdom of the Southwest Committee yesterday only to do this for the
20 Southwest region for the first year. Should the Commission approve and
21 we actually conduct this Export Initiative and it has merit that Southside
22 thinks should be duplicated, we'd be more than willing to try to combine
23 efforts. Let me try to explain the Export Initiative just for a moment. We
24 would for a one-year period develop an export plan and we're focusing
25 primarily on Mexico. We would use our existing businesses to either try
26 to create new jobs or retain our existing jobs. The export assistance
27 would be particularly for manufacturing and agricultural with mining and
28 industrial equipment, furniture and home furnishings, and also with our
29 building and forest products. Those are the highlights and there may be
30 other industries below that but those are markets that we believe we will
31 have success in helping. Again, I would focus your attention and we
32 believe this will help our existing industries the most. The services we
33 would market and counsel are website development for eCommerce,
34 export seminars and something that I'm quite excited about is the
35 opportunity to have the videoconference business matchmaking. Let me
36 just tell you this, why do you want to spend all the time and effort and
37 money traveling from Virginia to Mexico when through the Higher
38 Education Center and the bandwidth that we have you can have the
39 opportunity for the manufacturer to link with the market or potential
40 buyer in the export market. We think that has tremendous application.
41 Mr. Chairman, the only other thing I would point out we had some
42 discussion yesterday about having an opportunity for our local economic
43 developers to cost-share on this trade mission to Mexico so that they
44 would have an opportunity to focus on these things. The budget for the
45 first year is \$154,075 dollars. That's the executive summary of what the
46 export initiative is and it comes with the unanimous recommendation

1 from the Southwest. I sent out I hope, a one-page summary to everyone.
2 I have a more voluminous detailed package. If anyone has any questions
3 that I'll be glad to answer any questions. I have others who will actually
4 be operating the program should there be any questions.

5 SENATOR HAWKINS That's a very innovative
6 approach and its creative thinking that we've been looking for and I hope
7 it will be very successful. As for the approach for Southside Economic
8 Development Committee I would certainly hope Mr. Arthur and his
9 committee keep an eye on this to see if it applies to our area as well.

10 SENATOR HAWKINS It's been moved and
11 seconded, any questions?

12 DELEGATE BYRON What type of support are you
13 offering or what type of activity?

14 SENATOR WAMPLER Let me tell you what we
15 found and see if this answers your question. The large companies in this
16 area are already marketing into Mexico very successfully. The medium-
17 sized companies are doing it to a smaller degree but still there's many
18 medium-sized companies that are not successful. The small companies
19 just don't have any kind of critical mass to develop the opportunity or the
20 budget to do that. What we have is a person who has marketed these
21 services before. You'd be able to have a seminar of how do you match it
22 and try to make a match with the potential buyer in the export market.
23 The web page and the eCommerce the language barrier is not an easy one
24 to overcome. We'll spend an incredible amount of time trying to make
25 sure that it's user-friendly. So once you have the web-based transaction
26 or once you have the market there the web page transaction will take
27 place. I'm not sure I've answered your question completely.

28 DELEGATE BYRON Are you talking about 13
29 state trade mission to Mexico, you're clarifying that you're not sending
30 people to Mexico?

31 SENATOR WAMPLER This is part of the
32 Appalachian Regional Commission, the ARC counties do not spill into
33 Southside.

34 SENATOR HAWKINS Senator Puckett.

35 SENATOR PUCKETT Mr. Chairman, just to
36 reiterate, we're hoping to promote this business with Mexico. We think
37 this is a very exciting possibility. You know what NAPDA has done to us
38 from the standpoint of sending a lot of our business to Mexico. We think
39 we've got a great opportunity here to bring some of that back in the way
40 of bringing business to our area.

41 SENATOR HAWKINS Did someone mention
42 Christmas Trees?

43 SENATOR WAMPLER I have Mr. Chairman but I'd
44 ask you to bear with me for a moment. The agricultural component of the
45 export market, the biggest opportunities we believe are apples. Smyth
46 County happens to be one of our larger producers of apples and we think

1 there's a tremendous market. Again, instead of selling to local vendors or
2 regional vendors we think we have an opportunity to establish an export
3 market in Smyth and Grayson Counties. Christmas Trees are a big
4 market. It's not so much the trees but rather the wreaths that could be
5 shipped. This may not be the year to do this but we can develop it.
6 Anytime we can help our farmers we think it's worth trying to go the
7 extra mile to do that. To answer your question more precisely, the actual
8 trade mission is a small part of what the overall operating budget is. The
9 balance is the web site development and the eCommerce and the training
10 for the companies that wish to enter into the export market.

11 SENATOR HAWKINS Delegate Byron, does that
12 answer your question?

13 DELEGATE BYRON Yes.

14 SENATOR HAWKINS Any further questions? Does
15 anyone have any comments on the initiative? It's been moved and
16 seconded, all those in favor say aye (aye's) opposed (no response).

17 SENATOR WAMPLER Mr. Chairman, I'll just add
18 one last point to, this is not an action item but I'd impose ninety seconds
19 upon myself.

20 SENATOR HAWKINS Yes, sir.

21 SENATOR WAMPLER We spent a great deal of time
22 talking about the deployment of fiber optics and in particular with our
23 eCorridor project. We are of the opinion that we want to move forward
24 with that and we believe that's one item that will promote economic
25 development in Southwest Virginia. We generally concur with Southside
26 that yes, that's what's going to make a difference there also. We want to
27 keep that on the front burner Mr. Chairman, and we would consider that
28 to be the top priority of the spending of the Commission. Thank you sir.

29 SENATOR HAWKINS Thank you Senator Wampler
30 for your work.

31 COMMISSIONER COURTER Mr. Chairman?

32 SENATOR HAWKINS Yes, sir.

33 COMMISSIONER COURTER I would report to the
34 Commission to that in light of this export mission and despite our budget
35 problems, our agency continues to have a marketing presence
36 internationally. We focus as well on Latin America and Mexico--

37 SENATOR HAWKINS --you are talking about
38 Cuba?

39 COMMISSIONER COURTER Yes, returned from
40 Cuba. We have a Forest Products Specialist on our staff and I just report
41 that to you, some of you may not see a conflict here. I see an opportunity
42 to complement the efforts of Southwest Virginia. I want to make
43 everyone aware that I'll go back and report this to my folks and
44 sometimes we actually do complement efforts by marketing with our own
45 program.

1 SENATOR HAWKINS Also a last comment on this
2 as well. This is the type of initiative we need particularly in the
3 agricultural community and we've got to come up with different avenues
4 for markets that we have not had in the past. This is one of the more
5 unique things that I've seen. I think a great deal of credit goes to Senator
6 Wampler.

7 The next item on the agenda, the eCorridor Task Force report from
8 Ralph Byers from Virginia Tech. This is one of the premier projects
9 that's been undertaken by the Commission, Mr. Byers.

10 MR. RALPH BYERS: Thank you Mr.
11 Chairman, and it's always great to be with the Tobacco Commission. If I
12 could take one second for a paid political advertisement. On the way
13 down here I heard on the radio that the latest polls said that the Bond
14 Referendums showed a 57% approval rating for the Higher Education
15 Bonds and 53% to the Parks and Recreation Bonds. I think we all know
16 how important those bonds are to our regions. Certainly the Higher
17 Education Bonds and Community Colleges, the Higher Education Center
18 here has a bond issue. Radford along with Virginia Tech also has projects
19 in this. The 57% with 10% undecided is not bad a few days before the
20 election but that all depends on the turnout. So I'd like to implore
21 everyone to vote on Tuesday. This is very important and it will help
22 create jobs in our region and also interest rates are at historic lows. So, if
23 the state is ever going to borrow money for these projects this is the time
24 so I'd ask everyone to vote on Tuesday. Thank you.

25 SENATOR HAWKINS Thank you, I appreciate you
26 mentioning that. Also I think it's fair noting that Virginia is 1 of 8 states
27 with a Triple A bond rating so that's something that's worth mentioning.

28 MR. RALPH BYERS One other thing that may be
29 the most important thing I say today. That is that on November 30th
30 there's an Annual Gridiron Contest between the University of Virginia at
31 Virginia Tech, which will be in Blacksburg this year. It's Commonwealth
32 Day and that's when we honor our State Officials. Invitations are going
33 out this week to members of the Tobacco Commission and we hope we'll
34 see you all in Blacksburg on Saturday, November 30th.

35 SENATOR HAWKINS I understand you all have a
36 good football team this year.

37 MR. RALPH BYERS I'll move on to the topic at
38 hand with the eCorridor Project. We have submitted a report to the
39 Executive Director, has it been handed out to the Commission?

40 SENATOR HAWKINS It's going to be handed out
41 right now.

42 MR. RALPH BYERS Hud Croasdale here is our
43 technology guru so if anybody has any technical question, Hud will
44 certainly answer them.

1 SENATOR HAWKINS Without the availability of
2 the copy before us right now I'll ask everyone to listen very attentively to
3 the discussion.

4 MR. RALPH BYERS Basically Mr. Chairman, the
5 eCommerce Project is proceeding, a lot of people are putting in a lot of
6 time, we are developing plans for a backbone which will be a grid-type
7 backbone called the Geodesic Network Mesh. We're also developing
8 alternative strategies for communities for the last mile solutions. This
9 work has gotten interesting for us and we are going to propose one
10 modification to the way that we're carrying out the work and I think you
11 ought to bear with me for a minute. We are not pulling back from this
12 work at all but we'd like to take a different approach at this time for the
13 following reasons.

14 If you think back with me to a couple of years ago when e58 was
15 first proposed, this is before the hi-tech bubble burst and this is when
16 companies like Global Crossing, Qwest or Williams, companies were
17 putting in the fiber, people felt they were making a lot of money. The
18 original idea was that maybe we could put long-haul fiber along US58
19 and through the revenues generated help support the project and of
20 course, we all know what has happened. Although the need for high-
21 speed Internet services is no less now and it's even greater now than it
22 was then. Certainly the economics of that industry have changed
23 dramatically. I was reading the other day or the last couple of years have
24 been something like a half a million jobs lost in the telecommunication
25 industry in this country In that period of time. We have many
26 telecommunication companies that are not in very good shape, they are
27 desperately looking for markets and sources of funding. They have a lot
28 of proposals for different types of technologies. The technology for the
29 next generation of Internet we're working closely with the top institutions
30 across the country on what we think the next generation in the Internet is
31 going to look like. There is by no means unanimity on the subject and
32 there's many people who have many different ideas, there are many
33 proposals out there. As this has evolved and I must say we greatly have
34 appreciated the Commission's funding our plan and project for e58, I
35 believe there was about \$700,000 dollars set aside for this and we've
36 drawn down about \$180,000 on that. As this project has evolved we have
37 found ourselves in a fairly awkward situation on these proposals being
38 brought to the Commission. They are nice to look at and we are asked to
39 evaluate the technology and say whether this is good or this is bad and
40 this puts us in an awkward situation with some of the providers and
41 companies that are looking to test out their technology. We don't mind
42 giving our objective views on these kinds of issues but at the same time as
43 Yogi Berra once said, "predicting is difficult especially when you're
44 talking about the future". It is not clear and we are at a stage in this
45 industry where it's not clear exactly what the next technology is going to
46 look like. History has borne out that in many technological areas the best

1 technology does not always win and at times the best marketing wins.
2 Look at Microsoft for instance, I hope nobody is here from Microsoft. In
3 any case, this has become increasingly uncomfortable for us. What we
4 want to do is put out a plan for eCorridors that we believe reflects where
5 the technology is going and will provide the capacity so that our regions
6 can have a competitive advantage over regions not only in the state but
7 around the country. We are not pausing one minute in that work. We
8 have promised the Tobacco Commission a report and we will have a very
9 detailed plan. It will have GIS information in it, it will have very specific
10 details and specifics about what the next generation of, Optical Internet
11 should look like. It will have model business plans for a community
12 Internet service providers who want to get into the last mile solutions. So
13 everything we have agreed to we are going to deliver.

14 What we'd like to change to some extent is the relationship in that
15 right now we are like a paid consultant or contractor to the Commission.
16 I hope I've explained, it's somewhat awkward for us and I think in the
17 long run it's not good for the Commission. If the Commission ends up
18 paying for this study then this is going to become a Commission study
19 and regardless of whether it's intended or not it's going to be considered
20 that the Tobacco Commission has endorsed a particular approach to
21 solving this high-speed Internet problem. Frankly it's inevitable that
22 whatever we recommend there will be people out there who disagree with
23 it and will say 'why is the Commission endorsing a particular approach to
24 the technology'. So down the road it seems to me that the Commission
25 could be placed in an awkward position of appearing to endorse a
26 particular approach.

27 Our position is that we want to see the communities involved in
28 this, we are working with communities and we spend a lot of time with
29 communities around the region. We don't want to tell somebody if they
30 have an idea they're excited about and want to try it out, we don't want to
31 be in a position to say 'no, you don't want to do this, you should go with
32 our technology' because basically for many of our communities right now
33 anything is better than what they have now.

34 So what we want to do is deliver this report to you with all the
35 technical specifications. We want the communities to look at what we do
36 and compare that with what they're being offered by other entities
37 whether they're ISP's or telecommunications companies of any type. We
38 want the communities to make the decision, we'll be glad to consult with
39 them but we don't want to be put into a position of saying 'this is good,
40 this is bad' and alienating the potential companies that we could be
41 working with on one thing or another.

42 So what we would like to do with the funding that you have
43 allocated for us so far, we would like to see that money remain in the e58
44 pot for deployment so that the communities can exercise, there'll be more
45 money for the communities to use when it comes time for them to be
46 deploying different types of technologies. We will then continue this

1 project and we're going to put out the best product we know how to do
2 just as if we were still being paid by the Commission. We feel this will
3 help and things are getting a little muddy. We feel like we would be
4 better off continuing this project as part of our eCorridors which we
5 receive as part of our land grant mission is something we need to be doing
6 going back to the Blacksburg Electronics origin before. This is something
7 we're going to continue to do as long as we can.

8 I can assure you from many of the people in our organization
9 systems this is a labor of love because they are working late hours and
10 putting in a lot of time on this. It's going to be a good product and
11 something we think that will be successful not only in Virginia but it's
12 attracting a fair amount of attention around the country.

13 That's what we'd like to do and nothing has changed except we'd
14 rather see the funding be kept in the e58 pot for deployment as
15 communities are ready to start engaging and really implementing some
16 advanced Internet technology at the local level.

17 SENATOR HAWKINS Are there any questions for
18 Mr. Byers?

19 MR. BRYANT I don't understand Mr. Byers,
20 you said the Commission might be in an awkward position by making
21 decisions to go with particular technology companies. I don't see how
22 you avoid that, that decision would have to be made.

23 MR. RALPH BYERS I think the report or by
24 funding this report it would be an implicit endorsement of the particular
25 technology. Our philosophy is that things need to be coming from the
26 grass roots. When a community comes to you with the proposal you can
27 certainly compare it to what we have done, you can have technological
28 advice to look at. To evaluate their proposals and you can fund it or not
29 fund it as you see fit. The question of this becoming "The Tobacco
30 Commission technology" we think could create some problems.

31 SENATOR HAWKINS We got into a discussion that
32 there are many communities that would like to participate in some sort of
33 long-term planning for this. Electric co-ops is one, Verizon is one and
34 other groups involved. I think what Ralph is saying is we shouldn't put
35 our label on any particular one report until we've had an opportunity to
36 speak to everyone at the table about the long-term benefits to all the
37 components and see if we want all the components or pieces of it. It is a
38 growing process as I understand it, is that correct Mr. Byers?

39 MR. BRYANT We are not going to get a
40 recommendation on e58 or any particular plan or what are you going to
41 do?

42 MR. RALPH BYERS We're going to give you a
43 plan for this Geodesic Network Mesh and then talk about what it's going
44 to do, how much it's going to cost and what it's going to look like. If the
45 people or communities in the region want to bring proposals to you that
46 are consistent with that plan then that'll be great. If somebody comes up

1 with a totally different technology that they'd rather try than that'll be one
2 thing. Both Ben and I talked yesterday and had a conference call and this
3 is one issue that's not resolved here is exactly how the eCorridors, e58
4 Task Force which Mr. Davenport chairs, is how they will proceed and
5 evaluate things and this has got to be worked out and we'll provide you
6 consulting advice. I think it's been discussed with the Commission to
7 have it's own permanent technologist on staff to help evaluate these
8 things. Mr. Croasdale has been helping part-time and he's a Virginia
9 Tech employee and he's been working with Carthan. It would probably
10 be better for the Commission to have it's own professional technologist
11 on staff.

12 SENATOR HAWKINS My understanding the
13 recommendation is coming and that it'll be to have a fulltime person on
14 staff dealing with the technology issues and be able to evaluate proposals.
15 It's also my understanding from the Director that you all are going to
16 offer us your best understanding of the technology and the future of it and
17 how it applies to the overall construction improvement and will indeed
18 offer a plan.

19 MR. RALPH BYERS Yes.

20 SENATOR HAWKINS The plan can be modified or
21 adopted to different situations but your plan will be based on the science
22 that's best available to Virginia Tech. That's my understanding.

23 MR. WATKINS Mr. Chairman?

24 SENATOR HAWKINS Mr. Watkins.

25 MR. WATKINS Is it my understanding that for this
26 community to be successful with this, this is the bandwidth or the speed
27 or those types of things, you just don't want to take a position on which
28 one of the technologies is better or best as I understand it?

29 MR. RALPH BYERS Well, yes. If I could for just
30 another minute, this might help explain a little bit about what I'm talking
31 about with our current situation. I've just taken an email here and I got a
32 copy of one a while back and there was a kind of an unsolicited proposal
33 that a company from out of state sent to Ben Davenport and he sent it up
34 to our people and said what do you think about this proposal. Without
35 identifying any company or anything our response was, after people
36 looked at it said it does not entail the use of next generation technology
37 nor does it offer a long-term sustainable advantage to this community for
38 various reasons. Anyone desiring to start a small business or eCommerce
39 effort will not be able to get a lively run web server with this technology.
40 This type of network access may be considered available by traditional
41 tech companies but certainly not draw the attention of hi-tech companies
42 that we're trying to attract to e58. So, apparently there's some small
43 company that has got an idea that they are pushing and they'd like to see
44 adopted and they bring it to the Commission and then in fact what
45 happened Virginia Tech throws cold water on it. This is something we
46 think we should be evaluating the technology. There is going to have to

1 be some more work done and probably some consultants available or
2 something to evaluate the proposals in the next round of the e58 grants.
3 That is something we're discussing and Mr. Davenport will be discussing
4 that with the Commission members as well.

5 SENATOR HAWKINS My understanding is
6 that the e58's Task Force the Chairman Mr. Ben Davenport, will have
7 ongoing discussions with Virginia Tech coming up with some
8 recommendations to the full commission and in working with the
9 localities to make sure that everyone understands the different phases of
10 the technology. Also understanding that in our particular section of the
11 world that we develop a partnership across state lines to other institutions
12 of higher learning and other states will probably end up being long-term
13 benefits for us. I think Virginia Tech is willing to work with us and the
14 communities that have different ideas on how to work this and hopefully
15 we're all working in the right direction. I'd like to complement Mr.
16 Davenport and the Task Force because they have done Yeoman's work on
17 this all the way through. Are there any questions for Mr. Byers? Ralph
18 before you leave Senator Wampler has a question.

19 SENATOR WAMPLER Ralph, in order to
20 understand what you've just told me I'd like to ask you a couple of
21 questions. Is the report you're going to submit to us, will that be in
22 January?

23 MR. BYERS Yes.

24 SENATOR WAMPLER Will it focus on all of the
25 above like long-haul capabilities, last mile application, fiber at the home,
26 fiber at businesses and wireless?

27 MR. BYERS Yes, sir.

28 SENATOR WAMPLER The last question Mr.
29 Chairman, I know there'll be an update on the technical review that
30 Bristol Utilities has not been examined. Under the broad category of
31 customers they're on the cutting edge of deploying technology, fiber
32 optics. I don't know if that's included in the motion for e58 committee
33 before this full commission. What I'm really asking is that is there a way
34 to provide some additional guidance to the Commission as to what their
35 activities are? I think it would be beneficial for everyone because they
36 are lighting fiber and they are in the business.

37 MR. BYERS Senator Wampler, if I'm not mistaken and
38 Hud may correct me here. I've asked Hud about this several times. As he
39 reported in the last communications we were in touch with Bristol
40 Utilities and they seemed fairly comfortable with what they were doing
41 and the message we got was sort of 'don't call us we'll call you'. Is that
42 essentially correct Hud?

43 MR. CROASDALE Yes.

44 MR. RALPH BYERS They have a good system and
45 they're working on it full speed. As I understand it I think the major issue
46 is how did they link to the world outside of Bristol. That, of course, is

1 something that our document will provide a blueprint for that. If Bristol
2 wants to go ahead in that direction or another direction is up to them.

3 SENATOR WAMPLER I do want to thank Ben
4 Davenport for his work in a leadership position in doing this work along
5 with others at Virginia Tech. You are the resident expert. I'm hoping
6 this relationship is a long-lasting one as we move through the process and
7 try to implement this fiber optics.

8 MR. RALPH BYERS No question Senator Wampler.

9 SENATOR HAWKINS I want to publicly thank you
10 all and I've been involved in this process for a fairly long period of time
11 trying to put in place all the pieces. I know Virginia Tech is a land grant
12 school but Virginia Tech stood up willing to go to bat that by putting in
13 place the type of technology and expertise that is needed to start
14 discussions when nobody else would do it. Tech understands fully its
15 commitment to this Commonwealth. Most people think when they think
16 of a school of higher education a college or university as something that's
17 off in the distance unless it's in your community and has no real effect
18 unless your child is there. Virginia Tech has proven that universities have
19 an impact throughout the region and our Commonwealth and through a
20 commitment to all the people. The people that benefit from this are not
21 necessarily graduates of Tech but the people who live and work in our
22 communities. Without Virginia Tech being willing to stand up and work
23 with all of our communities on these projects, we would fail miserably. I
24 just want to thank you all.

25 MR. RALPH BYERS Thank you Mr. Chairman
26 and we appreciate that. We're here for the long haul and there's no
27 question about that. Don't forget to vote on Tuesday.

28 SENATOR HAWKINS I notice we have
29 people from the public that would like to speak. Dan Sleeper from
30 Pittsylvania County.

31 MR. SLEEPER My name is Dan Sleeper and I'm the
32 County Administrator for Pittsylvania County. I'd like to know when
33 will we know what our actual allocations are. In our case we have so
34 many projects that it takes months to develop them and implement them
35 and then we've got politics that we've got to go through before we get it
36 and before it's finalized. And it's going to be two months if we do.

37 SENATOR HAWKINS I think the allocation will be
38 very soon, we've just got some things in place but, we've got most of that
39 information.

40 MS. WASS The question or determination of the
41 Commission is whether you want to distribute the entire amount budgeted
42 this year or whether you want to set any portion of it aside.

43 MR. SLEEPER That's what I'm asking.

44 SENATOR HAWKINS I don't know if we've got the
45 time with all the different things we've got on the agenda. We have
46 several different approaches that we can take, some based on a formulary

1 based on the tobacco production and jobs and employment. And another
2 formulary based on Special Projects to set aside monies dealing with e58
3 and other things along that line. Could you give us an update on the
4 splits?

5 MR. CURRIN Mr. Chairman, the splits have not
6 changed. The allocation of dollars to date have not been released by your
7 direction. You can release information to the localities or the
8 Commission can hold off a little bit.

9 SENATOR HAWKINS The percentage of monies
10 that have been set aside. What is the percentage?

11 MS. WASS 35%.

12 MR. SLEEPER South Boston, you were changing it
13 then, you're talking about the increase in the amount of change, no
14 numbers.

15 SENATOR HAWKINS There was discussion about
16 the allocation or the formula. We need to have some understanding about
17 the Special Projects funding and the monies taken off the top. We have
18 35% now. Let's go ahead and break for ten minutes and you can pick up
19 your lunch and come back to the table and we'll get an answer for you
20 then.

21 NOTE: WHEREUPON A RECESS IS HAD

22
23 DELEGATE KILGORE Back in session, do we have
24 any more comments? Does anyone from the public have any comments.
25 There was an issue brought up in the public comments earlier and the
26 comment was brought up before about the formulary.

27 DELEGATE WALKER I would like the staff to send
28 out to us this information and let us study these issues before we meet.

29 SENATOR HAWKINS We're going to recess for
30 five minutes and the Southside delegation's going to meet and want to
31 make sure that everything has been covered and discuss other projects.
32 So, we'll recess for five minutes. Southside Economic Development
33 Committee will meet over here with Mr. Arthur. All right, now we're
34 reconvened.

35 MR. WATKINS Mr. Chairman, what was the answer
36 to the question that was asked about the monies.

37 SENATOR HAWKINS The monies will be out as
38 quickly as possible. Mr. Tom Arthur Chairman of the Southside
39 Economic Development Committee will make a report to the
40 Commission.

41 MR. ARTHUR Mr. Chairman, after a
42 meeting of the Southside Economic Development Committee we would
43 like to move or inform the parties that their monies will be at least what
44 they got last year so that they can move ahead. We will have a meeting
45 within the next two weeks and we would like the full commission to give
46 us authority to recommend the amounts of money.

1 SENATOR HAWKINS So there is a motion from the
2 Chair of the Economic Development Subcommittee from Southside that
3 each locality is notified that they will receive at least as much money as
4 they got last year but there will be a meeting of the group based on the
5 Commission of this body to make some changes in the overall formulary
6 dealing with the Southside Economic Development.

7 MR. ARTHUR Yes, Mr. Chairman.

8 SENATOR HAWKINS It's been moved and
9 seconded, any discussion? All those in favor say aye (aye's) opposed (no
10 response)

11 Before we adjourn, we have discovered in the last year or so the
12 necessity of the subcommittees of this body doing the work that they're
13 doing because without them I don't think this body could do all this work.
14 I have postponed working with various changes in the subcommittees and
15 some of them are out of date and some need to be eliminated and some
16 need to be expanded until new appointments have been made. Since most
17 of the appointments have been made and we have new members in place,
18 we need to start looking at the overall structure of the subcommittees. I'll
19 be working with staff dealing with those changes within the next couple
20 of weeks. What I'd like to see take place again and I know I asked before
21 and you all have been kind enough to submit some of your areas of
22 interest and expertise and what your desires may be in Southwest and
23 Southside so we can try to put people in place in areas that they like to
24 serve. The reason the subcommittees work so well is because the size of
25 this body makes it impossible to do the detailed work that has to be done
26 with some of these very technical subjects. We also have some
27 subcommittees made up of non-members and e58 is one of them. We
28 have some citizens involved in that who have expertise in particular
29 matters. The Long Range Planning Subcommittee that is chaired by
30 members who are not members of the Tobacco Commission but bring
31 expertise to the table. They're the ones that make recommendations as to
32 how we present programs based on rules that have some sort of
33 understanding about not using money for projects and things that we
34 consider not necessarily long-term investments. If you all would give me
35 some sort of understanding of your desires I'll try to do my best to come
36 up with some recommendations.

37 Does anyone else have any comments?

38 DELEGATE JOHNSON Yes.

39 SENATOR HAWKINS Delegate Johnson.

40 DELEGATE JOHNSON Senator Wampler, Senator
41 Puckett and Delegate Kilgore and I representing the districts and counties
42 that we are meeting in, we appreciate you coming down, it's been very
43 nice to have you come to us rather than us come to you. We've enjoyed
44 the meeting very much and look forward to the Commission coming back
45 at a future time.

SENATOR HAWKINS Delegate Johnson I appreciate that and to the members that have driven some distance to get here today. We're still in the State of Virginia, there's another hundred and some miles west of us that you would have to drive to get to the tip of Virginia.

Is there any other business to come before the Commission today?

DELEGATE JOHNSON One other thing Mr. Chairman. Sometimes we take for granted good work in getting ready for this meeting. Carthan we appreciate it and your staff. I've been impressed with the printouts that we have. We decided this morning on certain changes and when we got down here they were ready for us and that's very impressive.

SENATOR HAWKINS Stephanie where are you?

DELEGATE JOHNSON I think we should give them an extra hand for the good work they've done. (Applause)

SENATOR HAWKINS If there's no other business to come before the Tobacco Commission this meeting is adjourned.

PROCEEDINGS CONCLUDED

CERTIFICATE OF THE COURT REPORTER

I, Medford W. Howard, was the Court Reporter who took down and transcribed the Minutes of the Tobacco Indemnification and Community Revitalization Commission public meeting – on Wednesday, October 30th, 2002 at 10:00 a.m. at the Southwest Virginia Higher Education Center Abingdon, Virginia.

Given under my hand this 5th day of November 2002.

Medford W. Howard
Registered Professional Reporter
Notary Republic for the State of Virginia at Large

My Commission Expires
October 31st, 2006